

management tools that are developed in the finance industry in managing their inventory. Namely, they can calculate optimal inventory quantities that can achieve their revenue (profit) targets with an acceptable revenue (profit) risk. Alternatively, they can calculate optimal inventory policy that can minimize their revenue (profit) risk with an acceptable expected revenue (profit) target.

On page 6, lines 23-26, please delete the following text in its entirety:

[Notice that equation (1) consists of similar terms. Shortage quantity  $(D_i - Q_i)^+$  corresponds to the value of a call option at a strike price of  $Q_i$  and asset price of  $D_i$ . Similarly, inventory quantity  $(Q_i - D_i)^+$  corresponds to a put option at a strike price of  $Q_i$  and asset price of  $D_i$ . Therefore, equation (1) can be seen as]

On page 8, lines 1-2, please amend the paragraph as follows:

This is equivalent to the value of a portfolio that consist of  $(p - c)$  units of long position on an asset,  $(p - c)$  units of short position on a call option of strike price  $Q$ , and  $(c - s)$  units of short position on a put option of strike price  $Q$ .

#### In the Claims

Please amend claim 1 as follows:

Claim 1 (once amended). A method for managing inventory using a computer or computer system comprising the steps of:

converting an inventory problem to a financial portfolio problem;  
 generating a set of possible inventory estimates; *investments*  
 computing a value of possible inventory investments with said computer or computer system; and  
 selecting an inventory investment with a best value.